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GOVERNMENT RELATIONS
WASHINGTON GENERAL COUNSEL

FOOTBALL ROOM

December 9, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

Re: In the Matter of Implementation of Section 304 of the
Telecommunications Act of 1996
Commercial Availability of Navigation Devices
CS Docket No. 97-80

Dear Madam Secretary:

On December 9, 1998, representatives of MPAA and its member companies attended a meeting with representatives of the Commission at which matters relating to the above-captioned proceeding were discussed. A list of participants at the meeting is attached.

Also attached is a summary of the information presented by MPAA and member company representatives. Any questions with respect to this matter should be addressed to the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Fritz E. Attaway".

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List ABCDE

Attendees:

Dean Marks	Time Warner	818-954-7225
Chris Cookson	Warner Bros.	818-977-5286
Lucy Goldenhersh	Universal	818-777-6060
Bob Lambert	Disney	818-560-5585
Jon Baumgarten	Proskauer Rose	202-416-6810
Gary Hartwick	Viacom/Paramount	212-258-6536
Fritz Attaway	MPAA	202-293-1966
John Markey	MPAA	310-318-3659
Alicia Smith	SFG for Sony Pictures	202-393-4760
Jan Wilkins	OPP-FCC	202-412-2039
Amy Nathan	OPP-FCC	202-418-1552
Thomas Horan	CSB-FCC	202-418-2486
Mike Lance	CSB-FCC	202-418-7014
John Wong	CSB-FCC	202-418-7012
Alan Stillwell	OET-FCC	202-418-2470
Donnajeane Ward	FCC/CSB	202-418-7028
Bruce Franca	FCC/OET	202-418-2470

December 9, 1998

1. Introduction of attendees.
2. Objective of content providers: to provide for a secure distribution path for high value programming that will encourage the distribution of such programming to the homes of consumers. For many program distribution services – free TV, basic cable – copy management is not generally a concern. These services will continue to be made available without regard to copy management technology. For high value services such as recent movies on pay-per-view and video-on-demand services, copy management is a concern. If there is no way for content owners to manage copying, this concern will tend to delay releases to these services.
3. Statement of principles:
 - a. Content and service providers should have the technological capability of copy management – no copy, only one copy – should marketplace conditions dictate limitations on consumer copying.
 - b. Copy managed transmissions must be scrambled or encrypted in order to be effective.
 - c. Consumer devices should be able to pass through scrambled content, but not descramble it without authorization.
 - d. Authorizations to descramble should be provided by means of licensing agreements among content, service and equipment providers.
 - e. Such license agreements must require devices that descramble to prevent transmission of in-the-clear content to other devices that are not licensed or otherwise obligated to obey copy management instructions.

- f. Licenses must provide for effective (robust) technical systems that allow for revocation and renewability.
- g. Protocols and standards need to be developed that will support the above copy management terms of use principles. These protocols and standards need to be made widely available on fair and non-discriminatory terms for implementation by all relevant parties – including hardware manufacturers, system operators and content providers. Substantial progress is, in fact, being made and we expect will continue to enable prompt deployment of DTV.

4. Set-top-box to DTV interface:

- a. Analog -- Presently there is no way to enable copy management over an analog interface, although at least one company purports to be developing an analog copy management system. However, effective copy protection remains necessary, as uncontrolled copying of high definition analog signals and digitization and copying of analog signals – converted in either case from scrambled transmissions – can impair release of high value content.
- b. Digital – IEEE-1394.
 - i. 5C – Content providers have worked closely with 5C and others as their proposals have matured; there were several lengthy delays by 5C because of alleged technology fixes and Japanese government approvals; there is concern about “encoding rules” in 5C license that would restrict when content can be protected; in any case creation of the CSS licensing authority that can “embrace” 5C proposal for purposes of the DVD copy management system is still being negotiated among studios, CE and IT, including 5C members.
 - ii. Zenith/Thomson (XCA) possible alternative, but may have significant drawbacks in ignoring likely role of personal computers in transmitting and receiving television entertainment; MPAA

companies are examining this alternative and actively participating in pertinent standards bodies.

5. POD interface -- Content providers have been regular participants in OpenCable meetings and continue to work closely with OpenCable on technology attributes. Principal issue is whether renewability and revocation are necessary in this environment. OpenCable may be under impression there cannot be encrypted link across interface from POD to box because Commission prohibits "security in the box." The Commission said just the contrary in its Navigation Devices Report and Order

"Copy protection" systems and devices that impose a limited measure of data encryption control over the types of devices that may record (or receive) video content would not be subject to the separation requirement.